Joint Committee on Taxation
April 30, 1987
JCX-5-87

PUBLIC HEARING ON INCREASE IN THE PUBLIC DEBT LIMIT
(Before the Committee on Ways and Means, April 30, 1987)

Present Law

The limit on the amount of public debt that may be issued by the Treasury Department is $2,300 billion. This is a temporary limit which expires after May 15, 1987. On May 16, 1987, the limit on outstanding public debt will revert to the permanent public debt limit of $2,111 billion.

Current Situation on the Public Debt Limit

At the close of business on Monday, April 27, 1987, the amount of public debt outstanding that is subject to the public debt limit was $2,251 billion. The operating cash balance on that date was $40.1 billion.

It has been estimated that, in the usual course of events, the public debt outstanding on May 15, 1987, may be approximately $2,275 billion, and the cash balance at that time may be in the range of $25-30 billion.

On May 21 and 28, 1987, 3- and 6-month bills totalling $14.64 and $14.68 billion, respectively, will mature. In the absence of a prior increase in the public debt limit, the Treasury Department will have to refund those maturing obligations from its current operating cash balance. If the estimate of an operating cash balance of $25-30 billion on May 15 proves to be correct, the Treasury Department, at best, will have sufficient funds to refund bills on both May 21 and 28. In addition, about $36 billion in bills and notes will mature during the period of May 31 through June 11, 1987.

Current Legislative Situation

Under present House rules, when both Houses have passed the conference report on a budget resolution, the House is deemed to have passed a House joint resolution approving the increase in the outstanding public debt limit that is contained in the budget resolution.

The House has passed a budget resolution for fiscal year 1988 (H.Con.Res. 93) which would authorize an increase to $2,565.1 billion in the permanent public debt limit through fiscal year 1988.

The Senate has not completed action on its budget resolution as of this date. The Senate Budget Committee reported a budget resolution for fiscal year 1988 (S. Con. Res. 48) to the Senate which would authorize an increase in the permanent public debt limit to $2,585.8 billion through fiscal year 1988.

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